

## NCUA BOARD MEMBER MICHAEL E. FRYZEL REMARKS

African American Credit Union Coalition 13<sup>th</sup> Annual Conference

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Thank You, Bert. I am honored to again have the opportunity to address the African American Credit Union Coalition. Your organization is one that has remained true to the credit union philosophy of people helping people as we have struggled through some of the worst economic difficulties that any of us can remember. Your passion, dedication and commitment to your members is a model for what all credit unions should be. Although your coalition may focus on part of our nations' consumers, you are all mainstream credit unions. The economics problems and the marketplace challenges are universal. Your institutions, and your members, are affected just like every other credit union serving every other type of membership. However, your strength of character and purpose has driven you through tough times, adversity and challenges, financial and otherwise. And each time you have overcome these obstacles. I am confident that you will successfully withstand the challenges we continue to face.

The obstacles credit unions have been confronted with have challenged all of us. But we have met those problems with innovative thinking, attention to detail and plain old-fashioned hard work. We are successfully working through the corporate problem, assisting those credit unions that have been impacted severely by the mortgage crisis and seeing our nation's credit unions maintaining their focus on helping their members in every way they can.

I again look to you, as I did when I last addressed your coalition, for a recommitment to what credit unions do best. As a cooperative movement, our greatest strength is working together as one. We must always remember

that our survival rests on our ability to work together and that our purpose is to provide the best financial services possible to our members.

You are a young credit union association, but your involvement in credit unions has never been more vital and more needed. In both rural communities and city neighborhoods legitimate lending institutions charge high interest rates, fees, and add-on charges depriving families of money with which they could build savings and improve their lives. Instead much of this money goes to the pockets of stockholders, who in turn tend to remove much of it out of neighborhoods where that money is needed most. You have a terrific role to play in educating individuals and families in getting the best returns for their financial service needs. You continue to spread the word about credit unions and what they can do to keep hard-earned money in a family. Nearly all forms of credit union products – mortgages, auto loans, savings accounts, certificates of deposit, credit cards, debit cards – are instruments that when compared to those offered by competitors are better focused on keeping a family's money in the family. when people understand how this can be done, they will be more likely to keep their money in the family and to share this understanding with others.

Additionally, across this country, too many people have too little grasp of basic and helpful financial principles: regular savings, prudent use of credit, planning for retirement, and moving savings into higher-paying accounts or CDs. There is immense work to be done and I believe that in certain communities we have only begun to scratch the surface. But your presence here and your development of this Coalition are proof, you are willing to take on the challenge. There are countless organizations in the world that operate for profit, to take a little bit – or a lot – from persons in order to enrich the organizers. But you are not in this for yourselves; you are in this to help other people achieve better lives. I salute you and I pledge to you that NCUA will work with you in your efforts to improve the financial lives of persons who need better knowledge and skills to help move themselves financially forward.

Never forget, that credit unions were started more than a hundred years ago for persons of modest means. Some credit unions now are very large, with numerous branches. But credit unions were started for and still remain for persons who need safe, well-paying places for their savings as well as loans that charge the lowest rates compatible with staying in business. Credit unions are of the greatest help where families at the end of the month count their pennies and dollars with the greatest care.

Still, all of this is not the limit of your vision and ambition. You aim to broaden the participation of minorities in credit union employment. I applaud and commend your efforts in this arena. Bringing in more minority professionals will spur your efforts at reaching out to minority families and promoting sound financial education. But in addition, employment in the credit union system is a sound and reliable career. Despite three years of a depressed economy during which scores of industries laid off workers, credit unions continue to hire.

And yet still, this is not the limit of your vision and ambition. You want to touch the lives of ordinary people, and The disadvantaged across the globe. Never has such work been more needed. Millions of men and women around the world come from cultures that needed hardly more than bartering crops for clothes and are emerging into a culture of paychecks, automobiles, and cell phones. They are entering a culture where they are going to need financial services and financial education. They will need savings accounts. They will need loans. And the loans may be for simple things – farm tools, a mini-bike, a refrigerator. The credit union movement in the United States grew up making loans for the likes of tools and refrigerators. Some persons in emerging cultures may need loans for a car or a home. We know that business, too. The credit union movement is in a unique position to do tremendous good for everyday people around the world. We do well to remember the old creed, “Not for profit; not for charity; but for service.” Low-cost, honest, member-first credit unions need to be and should be in the forefront of every emerging country’s journey into a modern economy. may all of your efforts, on behalf of all peoples, be rapid and fruitful.

You might recall that when I last spoke to you, in 2009, I was the Chairman of NCUA. I am no longer the chairman; A well-qualified woman, Debbie Matz is. Things change. In March of 2009 the stock market’s Dow-Jones Industrial Average had been declining for a year and a half and it hit bottom at around 6,600. A Dow-Jones at around 12,000 hasn’t built up retirement funds to where they once were, but it’s a lot better than 6,600. Things change. The ground beneath our feet shifts. An Ipod becomes an iPhone and an Iphone becomes an Ipad. India, China, and Brazil are no longer thought of as poor and backward countries but economic powers with tremendous potential. They say of an ocean wave, if you don’t ride its crest you are going to be bowled over when it slams into you. If we don’t ride the crest, we will be bowled over. If we don’t change, we are going to be left behind. Change is all around us. We not only have to accept it, we have to embrace it. You are a young organization and you have the energy and enthusiasm to make change happen in the way you want. Make change go *your* way, but carry the best principles along with you, the principles of putting others first, of raising everyone up, of service to others, and of improving communities.

Yesterday, at the Sheraton Hotel on Canal Street, I talked to the Louisiana Credit Union League. I commended them for their courage and hard work in the face of the Hurricane Katrina clean-up, the Gulf oil spill, and more recently the flooding problems. I reminded them that we at NCUA had in effect faced our own storm in 2008 and 2009. Like Katrina, our storm blew in fast and furious and caused more damage than we had ever imagined. As did the Louisiana Credit Union League, we knew we had to work fast. And we did, in order to keep families' financial lives operational. As happened with the people here in Louisiana, while we were doing this sort of work new troubles showed up – for them it was oil spills and floods, for us, it was recapitalizing the corporate system and dealing with an increasing number of distressed credit unions.

But as I said to the Louisiana Credit Union League, the horizon is brightening. We can see a glow of light at the end of the tunnel. We know that time is on our side, that with each day and month and fiscal quarter, we put more of our troubles behind us. We would like to see the economy stronger and growing faster – who wouldn't? – but the compass is at least pointing north again. Delinquencies are declining, bottom lines are improving, and the corporates are regaining their health. Moreover, both Americans and the Congress are recognizing that credit unions are the best financial services deal for American families; they offer the lowest loan rates and the highest savings rates.

They provide the latest technologies but they also keep fees and menacing charges to the absolute minimum. Both Americans and Congress see that our cooperative model is often superior to a model of direct competition. They see that putting the interests of the customer – the member – ahead of the interests of a select group of stockholders helps those member/customers gain better control over their financial lives, keeps money in their pockets, builds stronger families, and shapes better futures.

Like Louisiana, The credit union system faced its own Hurricane, but it is a strong system. It is a strong system because it is built on a great idea. It is the idea that persons of ordinary means can pool their money, cooperate,

and thereby improve their lives. It is one of the most powerful ideas in the world. It is never going to go away. And more and more people are understanding it, seeing that this idea is alive and working in what is called the American credit union system. Yes, you are a young organization but extremely important and an integral part of that system because you can reach new people with this powerful and uplifting idea. You can reach into every hamlet and into every neighborhood in every city. I commend you for your work, and I look forward to hearing of your success upon success.

Thank you for inviting me to your conference and thank you for listening.